

## press release

19 April 2011

### Concerns remain over Burberry despite positive figures

- Burberry's total revenues increase by 30%
- Concerns in Japan influence the outlook on Burberry
- Positive announcements fail to change The Share Centre's 'sell' recommendation for Burberry

**Nick Raynor, investment adviser at The Share Centre explains why he retains Burberry as a 'Sell' despite their strong results.**

"The luxury fashion label reported a strong performance over the final few months of its financial year meaning its figures should top its expectations. The company's total revenues rose by 30% to £860m with consistent growth in both the retail and wholesale divisions. However, despite these figures we expect to see difficult times ahead in 2011 and so keep our recommendation for investors to 'sell'.

"Our main concern is Burberry's exposure to Japan with the country accounting for around 20% of its earnings. Although the markets are beginning to recover from the crisis we expect a difficult six months ahead. Burberry's main sales in Japan come from perfume and sunglasses which are unlikely to be an important purchase as the country focuses on recovery.

"We expect retailers in general to struggle over the next year as consumers rein in their spending patterns. As a luxury goods maker, Burberry may suffer, especially with an increase in interest rates looming.

"However, Burberry is a truly global company and has seen business increase in the USA and looks to increase its presence in Latin-America and the Middle East, but we expect this to take time. As

the share price has increased over 7% from early morning trading we recommend investors to take the opportunity to realise any profits made and rebuy on any weakness. We retain our view to 'sell' in the short term but will review this position in due course."

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**About The Share Centre:**

The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post) and a comprehensive share administration and safe custody service. Tax-efficient investment 'wrappers' including ISAs, CTFs and SIPP's are also available.

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